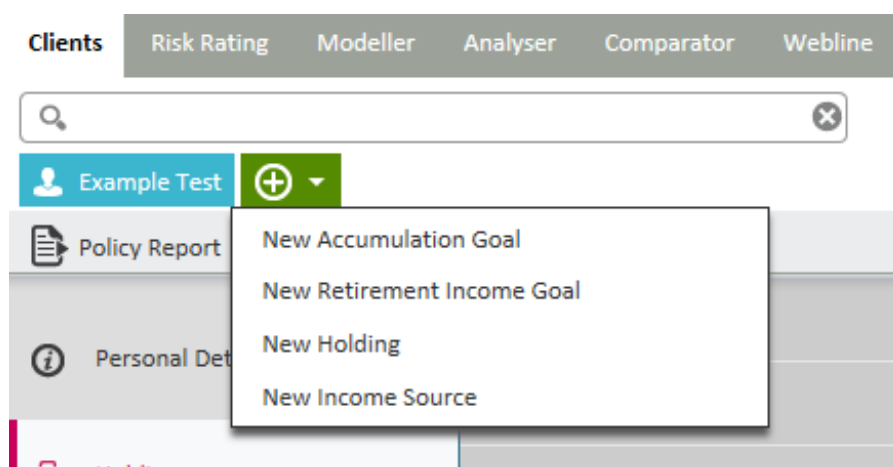


Modelling a Goal Based Scenario

Last Modified on 12/05/2020 8:16 am BST

To start a modelling session, you need to record an accumulation goal for your client. To record a new goal, you have the option of either using the **New Action** button (as shown below) at the top of the screen or clicking on the **Accumulation Goal** tab on the left of the Client screen.



Choose **New Accumulation Goal** and the following screen appears:

A screenshot of a form titled 'Goal Details' and 'Investment Details'. The 'Goal Details' section includes: 'Goal Type' with radio buttons for 'Lump Sum' (selected) and 'Income'; 'Goal Name' with a text input field containing 'Wedding'; 'Target Value £' with a text input field containing '15000'; and 'Review Date' with a date input field containing '09/05/2023'. The 'Investment Details' section includes: a note 'You should add any holdings on the next page.'; 'Term' with a text input field containing '6'; 'Total Solution Cost % (Annually)' with a text input field containing '0.5'; 'New Initial Contribution £' with a text input field containing '3000'; 'New Regular Contribution £' with a text input field containing '350'; 'Contribution Frequency' with a dropdown menu set to 'Monthly'; 'Indexed' with a dropdown menu set to 'RPI 3.1%'; 'Investment Basis' with radio buttons for 'Balanced' (selected) and 'Non-balanced'; and 'Target Basis' with radio buttons for 'Real' (selected) and 'Nominal'. Red asterisks are placed to the right of the 'Goal Name', 'Target Value', 'Review Date', 'Term', 'Total Solution Cost %', 'New Initial Contribution', 'Contribution Frequency', 'Indexed', 'Investment Basis', and 'Target Basis' fields.

The fields with a * need to be completed. All other fields are optional.

- Choose the **Goal Type**. Either your Client is looking for a lump sum or an Income.
- Enter the **Goal Name**.
- Confirm either the **Target Value £** or **Target Annual Income**.

- Enter the **Review Date**. This is the date that you will next review this goal and it defaults to one year.
- Record the **Term** in years. (Minimum term is one year).
- Enter **Total Solution Cost % (Annually)**. This is the total solution cost to include all charges associated such as product/fund/platform and your charges calculated on an annual basis.
- If known and relevant, enter the **Initial Contribution £**.
- If known and relevant, enter the **Regular Contribution £**.
- Confirm **Contribution Frequency** and **Indexed** (if relevant). The Indexation figures are updated monthly.
- For the first **Investment Basis** box - choosing **Balanced** – assumes that re-balancing is done at the end of the year on the different asset classes. **Non-balanced** assumes that no asset class re-balancing will be carried out.
- **Target Basis** box confirms if a nominal or real value is required. A **Real** illustration adjusts the nominal value to reflect the effects of inflation over time and includes this within the projected value.

Once the details have been set, select **Next**. The following Holdings screen will display:

Holdings	Type	Details	Value	Add

Click **Add** on the top right hand side of the screen and this will allow you to assign selected existing holdings to the goal specified.

You will then be presented with the following screen, which displays this list of existing holdings. In order to assign any holdings, tick the box on the left hand side applicable to the relevant holding. There is also a warning triangle which indicates the validity of holdings, where the underlying asset in the holding does not contain the required information for Modeller to be able to use it.

Once you have completed your selection click add at the bottom of the screen.

Holding	Type	Details	Value
<input type="checkbox"/> Cyprus Holiday Home	Asset	Holiday Home	£30,000.00
<input type="checkbox"/> Test SIPP	SIPP	Sample Provider - TEST SIPP - 1223445	£20,550.15
<input type="checkbox"/> TEST ISA	Plan	-- q242353	£20,550.15
<input type="checkbox"/> Test Platform	Platform	Sample Provider - 3464567567	£541,100.30
<input type="checkbox"/> Test SIPP	SIPP	-- 465757	£500,000.00
<input type="checkbox"/> Current Account	Account	-	£500,000.00
<input type="checkbox"/> Test Plan	Plan	Sample Provider - Test Plan - 4545656	£41,100.30
<input type="checkbox"/> Test Bank Account	Account	Bank - Savings Account	£10,000.00
<input type="checkbox"/> Test Plan	Plan	Sample Provider - Sample Test Plan - 354...	£40,320.01

The holdings are set up in the **Holdings** area as specified.

Once all completed, use the **Next** button to move to the next page. The following will now be

displayed:

Example Test
+
Goal Details
Holdings
Determine Risk Level
Results
Generate Report

Example Test has a default attitude to risk of 'Balanced'.

- Use my default attitude to risk for this goal
- I know my attitude to risk for this goal, let me set it manually
- I am unsure of my attitude to risk for this goal, I will determine it through questionnaire

Select if the default ATR is to be used, whether it is to be set up manually or a new ATR is to be calculated for this goal and click the **Next** button. If client's ATR was not set up in **Personal Details**, you have the option to set it against the goal.

If **"I know my attitude to risk for this goal, let me set it manually"** is selected, a new page will be displayed with the options to manually set the client's ATR. If this is selected, when moving on to the next screen, you will be prompted to add a reason why ATR was manually set.

[Clients](#) [Risk Rating](#) **Modeller** [Analyser](#) [Comparator](#) [Webline](#) [Product & Fund](#) [Tools & Calculators](#) [Settings](#) Example Test [Help](#)

[Example Test](#) [Goal Details](#) [Holdings](#) **Determine Risk Level** [Results](#) [Generate Report](#)

Manually Set your Attitude to Risk to:

Balanced

You have manually set your Attitude to Risk to Balanced for this goal.

Description of Balanced Attitude to Risk
 Balanced investors do not particularly regard themselves as cautious people and have no strong positive or negative associations with the notion of taking risk. They will typically have some experience of investment and a degree of understanding of investment matters. They will usually make investment decisions reasonably quickly and don't tend to be particularly anxious about investment decisions they have made. They can be inclined to look for safer investments rather than higher returns, but understand that investment risk may be required to meet their investment goals. While they will take investment risk, they are still not particularly comfortable with investing in the stockmarket and get more comfort from bank deposits than riskier investments.

An example illustration of a £10,000.00 investment:
 Over a 10 year period with a risk rating of Balanced based on nominal and balanceable projected values.

Maximum (5% chance) Gain in a 1 year Period is: **24.19% (£2,418.58)**
 Average (Mean) Gain in a 1 year Period is: **5.28% (£528.20)**
 Minimum (5% chance) Gain in a 1 year Period is: **-14.96% (-£1,495.67)**

Client's Comfort Percentage
 How certain do you want to be of achieving your goal in terms of a percentage?
 % *

Client's Capacity for Loss
 Enter monetary value Enter percentage value
 Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:
 £

Client's Tolerance for Loss
 Enter monetary value Enter percentage value
 Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:
 £

Asset Allocation

Growth Projection

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If “I am unsure of my attitude to risk for this goal, I will determine it through questionnaire” is selected, a new page will be displayed with the questionnaire to answer the questions to calculate the ATR once the Next button has been clicked.

You will then be presented with an asset allocation split for the proposed Goal. This is reflected in the ‘donut’ graph on the right hand side. There is also information displayed which gives details of an investment of £10,000 within a balanced ATR (these figures will change dependent on the ATR set against the goal).

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This shows the potential maximum and minimum gains in a 1 year period with a once in twenty year occurrence.

Client’s Comfort Percentage question is a mandatory field to fill in before moving on:

Client's Comfort Percentage

How certain do you want to be of achieving your goal in terms of a percentage?

% *

Modeller needs to know how important it is to the client of achieving the target goal in percentage terms. This is a mandatory field and thus must be filled in before

proceeding.

Examples of this are as follows:

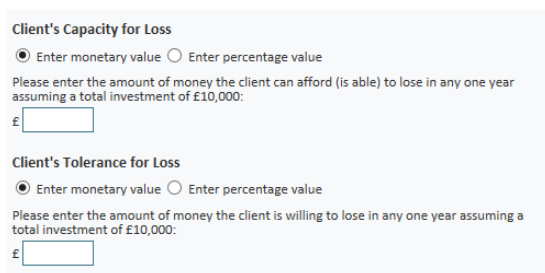
Example 1

I want £10,000 in 5 years' time to buy a new car and am willing to save £100pm to achieve this. My client comfort percentage is 30% - if in 5 years the investment isn't worth £10,000 I will just keep saving until it is.

Example 2

I need £15,000 in 10 years to pay for my son's first year of university fees. I am willing to save £100.00 pm to achieve this. My client comfort percentage is 90% - I need to have the £15,000 in 10 years.

Modeller also gives the opportunity to record Client's Capacity for Loss and Client's Tolerance for Loss:

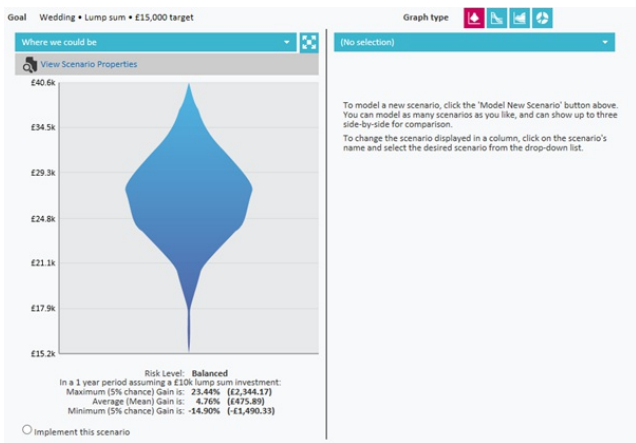


The screenshot shows two sections for inputting loss-related data. The first section, 'Client's Capacity for Loss', has a radio button selected for 'Enter monetary value' and a text input field for the amount. The second section, 'Client's Tolerance for Loss', also has a radio button selected for 'Enter monetary value' and a text input field for the amount. Both sections include a note: 'Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:'.

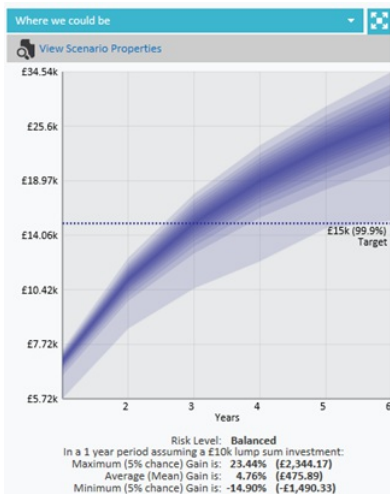
However these are not mandatory fields.

To move onto the next page, use the Next button in the bottom right hand corner.

Modeller will now display the chosen scenario in graphical terms in the so called £10K screen. This screen shows you the probability of the goal being achieved assuming a £10,000 lump sum investment. You can model different scenarios and display up to three scenarios for side by side comparison.



You can change the graph type at the top of the screen to choose the best way to illustrate the probability for your client.



You can select to **implement this scenario** by ticking the radio button at the bottom of your selected scenario.

When clicking next, Modeller will ask whether you wish to rebalance holdings now or skip directly to the report generation.

For report options, you can select the information you wish to be displayed in the report. The report will automatically show the manual ATR reason if this was selected as well as a closing statement if you wish to add one in. Click next to generate the report.

Please note that the report will open up as a PDF and you can now save this onto your client records outside of Modeller.

[SM1]The ATR changes dependent on the ATR for the goal not always balanced